

VZCZCXRO9338  
OO RUEHCN  
DE RUEHBJ #5355/01 0821419  
ZNY CCCCC ZZH  
O 231419Z MAR 06  
FM AMEMBASSY BEIJING  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 0922  
INFO RUEHKT/AMEMBASSY KATHMANDU PRIORITY 3716  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 4030  
RUEAIIA/CIA WASHINGTON DC PRIORITY  
RHEFDIA/DIA WASHINGTON DC PRIORITY  
RUEKJCS/SECDEF WASHINGTON DC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RUEHOO/CHINA POSTS COLLECTIVE  
RHHMUNA/HQ USPACOM HONOLULU HI  
RHHJJAA/JICPAC HONOLULU HI

C O N F I D E N T I A L SECTION 01 OF 04 BEIJING 005355

SIPDIS

SIPDIS

E.O. 12958: DECL: 03/23/2031

TAGS: [PREL](#) [PGOV](#) [NP](#) [CE](#) [CH](#)

SUBJECT: PRC/NEPAL: AFTER TANG'S VISIT, PRC READY TO WORK  
WITH U.S. TO ENCOURAGE RECONCILIATION IN NEPAL

REF: KATHMANDU 000768

Classified By: Deputy Political Chief Robert Griffiths.  
Reasons 1.4 (b/d)

#### Summary

11. (C) China is interested in taking a more active role in working with the United States to encourage reconciliation talks between the King and Nepal's political parties, according to MFA Asia Department Deputy Director General Luo Zhaohui. In a March 21 meeting with visiting U.S. Ambassador to Nepal James Moriarty, Luo suggested that the PRC and U.S. Ambassadors in Kathmandu take the lead in hosting talks between the three major political parties and the government. Stressing that India would need to be included in any such process, the Ambassador expressed interest and noted that a coordinated approach by the U.S., Indian and PRC Ambassadors would send a very powerful signal. Luo discussed State Councilor Tang Jiaxuan's March 16-18 visit to Nepal, calling attention to Tang's meetings with the leaders of the three main opposition parties as being a first. The Ambassador's assessment of India's influence in Nepal "surprised" Luo, who maintained that China is closer to the U.S. position on Nepal than to India's and expressed concern about New Delhi's links to the Maoist rebels. Luo informed Ambassador Moriarty that Nepal has requested an invitation for the King to visit China in May; Ambassador Moriarty warned that, under the current circumstances, the Nepali government would try to spin such an invitation into Chinese support for the King's policies. End Summary.

#### PRC Policy of Noninterference. . .

12. (C) In a March 21 meeting, MFA Asia Department Deputy Director General Luo Zhaohui briefed Ambassador Moriarty on State Councilor Tang Jiaxuan's March 16-18 trip to Nepal. Luo took care to state the discussions covered bilateral relations and Nepal's domestic situation. In terms of bilateral relations, Tang stressed the importance to China of Tibet and Taiwan. Tang then reaffirmed China's Nepal policy of supporting an independent and stable Nepal, while pledging not to interfere in Nepal's internal affairs. At the same time, Tang also stressed the importance of the international community helping to create a favorable environment for Nepal to resolve its political crisis.

#### But Engages Opposition Parties

---

¶3. (C) DDG Luo confirmed that State Councilor Tang Jiaxuan met with the leaders of the major political opposition parties during his visit. While China has maintained contact with the political parties since the early 1990's, this was the first time a senior Chinese official has held talks with them in Nepal. Luo said the Chinese delegation was surprised by the large spectrum of views held by the parties. The Nepali Congress-Democratic (NC-D) appeared to be the most moderate of the three major political parties according to Luo, while the Communist Party of Nepal - United Marxist-Leninist (CPN-UML) held the strongest desire to see a mass movement to overthrow the Monarchy.

#### And the King Complains of Meddling

---

¶4. (C) The King told Tang that he was willing to work with the political parties but viewed the Maoists as terrorists. The King complained that foreign countries engaging with the political parties are giving them greater legitimacy and interfering with Nepal's internal affairs. At the same time, Luo reported that the King complained that India and China are not providing the Royal government with enough support. Tang briefed the party leaders and the King on the importance of maintaining stability and suggested they learn from China's own years of turmoil, citing the Cultural Revolution and the Anti-Rightist campaign as examples of political instability that set back China's development.

BEIJING 00005355 002 OF 004

#### MFA Ready to Cooperate with U.S. on Getting Talks Started

---

¶5. (C) At the conclusion of his readout, Luo asked Ambassador Moriarty how the United States and China could work together to get the King and the political parties to start reconciliation talks. (Comment: Luo did not bother to try to square this request with China's long held position not to involve itself in the internal political debates of other countries. End comment.) The MFA was open to all suggestions, Luo said. Ambassador Moriarty welcomed greater cooperation and said that U.S. relations with China and India will to a large extent determine U.S. foreign policy success in the 21st century. Washington is concerned that instability in Nepal could hurt regional stability and damage relations between the United States, China and India. The failure by the King and the political parties to start the reconciliation process has been frustrating, with the only real winners being the Maoists, who appear to be making progress towards their goal of achieving absolute power in Nepal. Ambassador Moriarty stressed the U.S. view that the King and the political parties must work together to end the Maoist insurgency.

#### A Possible Visit by Dr. Kissinger

---

¶6. (C) The high level of mistrust between the parties and the King has prevented a meeting between representatives from the parties and the Palace, according to Ambassador Moriarty. At the same time, Party leaders and the King are unwilling to meet directly unless both sides believe the talks will be a success. Ambassador Moriarty suggested that perhaps a respected outsider could help the two sides save face and therefore facilitate contacts; Dr. Kissinger might have some interest in playing such a role. Luo was enthusiastic about this possible approach and said that Dr. Kissinger was very respected in China.

#### Party-by-Party Approach

---

17. (C) Commenting on the lack of consensus among the political parties on how to deal with the King and the Maoists, Luo asked the Ambassador whether one-on-one talks with each of the major parties and the King could help start a reconciliation dialogue. The Ambassador pointed out that the King is trying to split the parties from one another, and is playing with the idea of isolating the UML, Nepal's second-largest party, entirely. Since isolating the UML could drive it into the hands of the Maoists, there is a danger to holding one-on-one talks.

#### China, U.S. and India Should Approach the Three Parties

-----

18. ( ) Luo then suggested that the U.S. and Chinese Ambassadors in Nepal invite the three political parties and Palace representatives to informal talks. Ambassador Moriarty said this might be a useful idea, while stressing the importance of Indian participation in such a process. If India is not involved in the proposed talks, it would be able to prevent any joint U.S.- China efforts from going forward, he cautioned, noting that India has a large footprint in Nepal, 60 percent of Nepal's trade is with India and the Nepal government recognizes that it must work with India. Luo professed surprise that India has that strong an influence over Nepal.

#### India Likely First Victim of Maoist Victory

-----

19. (C) India would be the first victim of a Maoist victory in Nepal, Ambassador Moriarty stated. Maoists in Nepal and India work together and have even signed an agreement to establish a revolutionary base stretching from Bhutan through Nepal to India. A Maoist victory would destabilize India, cautioned Ambassador Moriarty, who pointed out that the number of Indian districts with a Maoist presence has grown rapidly. He suggested that India would likely be forced to take strong actions in response to a Maoist takeover in Nepal.

BEIJING 00005355 003 OF 004

110. (C) The President raised the Nepal issue with Prime Minister Singh during his visit to India to ensure that India is on the right track, Ambassador Moriarty told Luo. The President and PM Singh publicly agreed that the Maoists must renounce violence and that the King must reconcile with the political parties. This was a very careful formulation because of India's role in hosting talks between Nepal's political parties and the Maoists. Under this formulation India cannot treat the Maoists as a normal political party if the Maoists continues to use violence and terrorism to achieve its political goals, pointed out Ambassador Moriarty.

#### Beijing's Position Closer to Washington's

-----

111. (C) China is closer to the U.S. position on reconciliation talks than it is to India's, according to Luo. China and the United States share a common goal and attitude toward the Maoists and the Royal family, he stated. While Beijing and New Delhi discussed the Nepal situation during their second round of their strategic dialogue, the PRC still needs more time to work with the Indian side on Nepal, according to Luo. Commenting that since New Delhi would likely be unhappy to see China play a larger role in Nepal, Luo suggested that perhaps the United States should try to host the first round of possible reconciliation talks. The Ambassador responded that if India can be convinced to join in the talks, a very powerful message would be sent to the King and the political parties and offered to engage his Indian counterpart on the possibility of talks. Luo said that

China and the United States should "informally give it a try," saying that he would instruct the PRC Ambassador in Kathmandu to work with Ambassador Moriarty.

#### U.S. Views on High-level Visits to Nepal

-----

¶12. (C) Luo asked whether the United States views Tang's recent trip to Nepal positively and how Washington would respond to the King's request to visit China in May. Ambassador Moriarty said that Tang's trip was important because it maintained pressure on the King to start reconciliation talks. He also cautioned Beijing to seriously consider the timing of the King's trip and suggested that the PRC put off the King's request until progress is made in starting reconciliation talks. The King would use a visit to Beijing to demonstrate that he is still in control and does not need to reconcile with the political parties. Luo said that China has "taken note" of the King's request but has not accepted it yet. Ambassador Moriarty suggested that China wait until it became clearer whether the King was genuinely interested in reconciliation, and stressed that it is important to keep pressure on the King. He noted that April could be a very crucial month for the Nepal government.

#### Nepal's Future

-----

¶13. (C) Responding to Luo's question on Nepal's future, Moriarty said that a compromise must be reached in the coming weeks or Nepal faces a very dark future. If the brittle government falls, the Maoists will likely come out on top. Ambassador Moriarty pointed to January 14th as a key turning point for the Maoist insurgency. Before then, Nepal's government ministers were confident that Nepal would overcome the Maoist insurgency. After the January 14 Maoist attack on a Royal government police post in the Katmandu Valley, the Ministers began moving their assets out of Nepal and openly began sharing their concerns. After the attack, the Royal government realized that the Maoists could carry out military strikes anywhere in Nepal. The political parties are weak and have no weapons, little money and are unable to generate popular protests without Maoist support, because of the population's fear of possible Maoist reprisals.

#### Comment

-----

¶14. (C) Given China's important role in Nepal, it is worth

BEIJING 00005355 004 OF 004

exploring whether the GOI will veto out of hand any role by the Chinese in pushing the King and political parties towards reconciliation. Luo was a member of State Councilor Tang Jiaxuan's delegation to Nepal March 16-18. During the late 1990's, Luo served at the PRC Embassy in Washington and worked on the India-Pakistan nuclear issue.

¶15. (U) This cable was cleared by Ambassador Moriarty.  
RANDT